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MEMORANDUM

FEBRUARY 20, 1985

TABLED: February 7, 1985

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: STEPHEN COYLE, DIRECTOR

SUBJECT: BUILDING 103 ANCHORAGE APARTMENTS PROJECT
URBAN DEVELOPMENT ACTION GRANT NO. B-84-AA-25-0143

SUMMARY: This memorandum requests that the Authority authorize the Director to execute a Transfer Agreement with the City of Boston and a Project Loan Agreement with the developer of the Building 103 Anchorage Apartments Project in accordance with the terms and conditions of UDAG NO. B-84-AA-25-0073 as amended and/or revised.

On October 4, 1984 the above-captioned Urban Development Action Grant (UDAG) in the amount of \$1,649,650 was granted preliminary approval by the federal Department of Housing and Urban Development. The project involves the construction/renovation of Building 103 in the Charlestown Navy Yard and the conversion thereof into 112 units of rental housing for elderly residents at a total development cost of \$6,964,650. The developer of the project is Building 103 Associates, a Massachusetts limited partnership, whose general partners are Mel A. Barkan and Louis Garfield, d/b/a Barkan Properties and Immobiliare of New England.

On November 23, 1984 the UDAG Grant Agreement for this project was issued. The total development cost will be financed as follows: a \$3,565,000 Massachusetts Housing Finance Agency mortgage loan, a \$1,649,650 UDAG mortgage loan, and \$1,750,000 in equity to be provided by the developer. The UDAG loan will also serve as part of the construction financing for the project which will be converted to a permanent mortgage when completed. In addition, the developer has secured an interest reduction loan under the State Housing Assistance for Rental Production program through the Executive Office of Communities and Development, and will provide a rent moderation fund to further subsidize rents. At present, certain proposed revisions to the UDAG Grant Agreement are pending approval.

It is anticipated that the project financing will be closed on or about the end of February 1985, and in order to proceed with this schedule it is recommended that the Director be authorized to execute a Transfer Agreement with the City of Boston and a Project Loan Agreement with the developer in accordance with the UDAG Grant Agreement as amended and/or revised.

An appropriate vote follows:

VOTED: That the Director of the Authority be and hereby is authorized, in accordance with the terms and conditions of a certain Urban Development Action Grant No. B-84-AA-25-0143, as amended and/or revised, to execute and deliver on behalf of the Boston Redevelopment Authority a Transfer Agreement with the City of Boston and a Project Loan Agreement with Building 103 Associates Limited Partnership, both in substantially the form as attached hereto with such changes as the Director in his sole discretion may deem necessary and appropriate.

TRANSFER AGREEMENT BETWEEN
CITY OF BOSTON AND
BOSTON REDEVELOPMENT AUTHORITY

Agreement made of this day of 1985, by and between the CITY OF BOSTON, a Massachusetts municipal corporation (the "City") and the BOSTON REDEVELOPMENT AUTHORITY, a public body politic and corporate organized under Chapter 121B of the Massachusetts General Laws (the "BRA").

PRELIMINARY STATEMENT

The City has received funding approval in the amount of \$1,649,650 under Section 119 of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, which authorized the Urban Development Action Grant ("UDAG") program to assist distressed cities in revitalizing their economic bases and reclaiming deteriorated neighborhoods. Pursuant to the terms of the UDAG Grant Agreement, dated November 23, 1984, and any and all subsequent amendments or revisions thereto accepted by the City (collectively the "Grant Agreement") between the United States Department of Housing and Urban Development ("HUD") and the City, said \$1,649,650 (the "Grant Funds") shall be transferred by the City to the BRA for administration. The BRA in turn shall make \$1,649,650 of the Grant Funds available to Building 103 Associates Limited Partnership (the "Developer"), a Massachusetts limited partnership, whose general partners are Mel A. Barkan and Louis Garfield d/b/a/ Barkan Properties and Immobiliare New England, a Massachusetts joint venture of Immobiliare Boston, Inc., a Massachusetts corporation, and Canopus, Inc., a Delaware corporation, in connection with the construction/renovation of Building 103 in the Charlestown Navy Yard and the conversion thereof into 112 units of rental housing for elderly residents as more particularly described in the UDAG Application submitted by the City to HUD, dated December 30, 1983 and by all subsequent submittals to HUD incorporated by reference in the Grant Agreement (collectively the "Application"). For this purpose the BRA shall enter into an agreement (the "Project Loan Agreement") with the Developer pursuant to which the BRA shall loan \$1,649,650 (the "Loan") for those eligible costs specified in Exhibits B, C and D of the Grant Agreement. This Transfer Agreement is intended to govern the terms and conditions under which the City shall advance Grant Funds to the BRA for the satisfaction of the purposes set forth in the Grant Agreement.

In consideration of the mutual promises contained in this Agreement and for other good and valuable consideration, the receipt of which is hereby acknowledged, the City and the BRA agree as follows:

Section 1. Project Services by BRA

The BRA shall provide such services as are necessary or desirable to cause the Project to be completed and operated by the Developer in accordance with the terms of the Application and the Grant Agreement, and shall fulfill all of the obligations of the City under the Grant Agreement with respect to such completion and operation of the Project. In accordance with

Section 9.05 of the Grant Agreement, the BRA acknowledges that HUD, in selecting the City for the award of the Grant Funds, relied in material part on the assured completion of the Project, and the BRA assures the City that all activities to be undertaken by the BRA as a "Participating Party" under the Grant Agreement will be completed. The BRA acknowledges further that it is subject to the conflict of interest provision (24 CFR §570.611) referred to in Exhibit A, Rider to Section 9.13, and as required thereby shall include in all contracts with other Participating Parties a conflict of interest provision consistent therewith.

Section 2. Job Creation and Sub-Lease Requirements

The BRA shall use its best efforts to cause to be created the number and kinds of permanent jobs in connection with the Project as are required by Exhibit A, Rider to Sections 5.03 and 9.06 of the Grant Agreement, and to enforce the undertakings and assurances by the Developer respecting the creation of such permanent jobs, construction period jobs and minority contracting requirements, including but not limited to their compliance with the terms of the Executive Orders of the Mayor of the City dated June 28, 1978, and September 11, 1979, and such other policies determined to be applicable to the City.

Section 3. Project Loan Agreement with Developer

Upon the execution and delivery of this Transfer Agreement, the BRA shall enter into the Project Loan Agreement with the Developer which shall set forth the terms and conditions for the Loan of the Grant Funds in accordance with the Grant Agreement.

Section 4. Transfer of UDAG Grant Funds

Upon submission by Developer of requisitions for advances of Loan funds in proper form, for reimbursement of project development costs, the BRA shall transmit such requisitions, together with such certifications and evidence of eligible Project costs as are required by HUD and the United States Department of Treasury, to the City. The City shall thereupon transmit to the Department of the Treasury a request for drawdown of Grant Funds in the amount requisitioned. Upon receipt of said Grant Funds, the City shall transfer the same to the BRA for disbursement to the Developer pursuant to the Project Loan Agreement.

Section 5. Records and Reports to HUD

a. Project Records. The BRA shall keep and maintain such books, records, and other documents as are required by Section 6.01(a) of the Grant Agreement, and shall make the same available at all reasonable times for inspection, copying, audit, and examination by the City and, in accordance with Section 6.01(b) of the Grant Agreement, to HUD or the Comptroller General of the United States.

b. Reports to HUD. The BRA shall furnish to HUD all reports required to be filed in accordance with Section 6.04 of the Grant Agreement, and may require the Developer to cooperate in the preparation of such reports.

Section 6. Use of Program Income

All Program Income, as that term is defined in Section 1.03(13) of the Grant Agreement, shall be received by the BRA and used only for community and economic development activities in accordance with Exhibit A, Rider to Sections 2.04, 9.01, 9.02 and 9.03 of the Grant Agreement which would be eligible for assistance under Title I of the Housing and Community Development Act of 1974, Pub. L. No. 93-383, as amended, and the City hereby exercises the option available to it under Section 9.03 of the Grant Agreement in order to effectuate this provision. The BRA shall furnish to HUD all annual reports with respect to Program Income which are required by Exhibit A of the Grant Agreement.

Section 7. Incorporation of Grant Agreement Provisions

The BRA shall comply with all provisions not already specifically referred to herein, of Article IX, THIRD PARTY CONTRACT REQUIREMENTS, of the Grant Agreement, all of the provisions of which are incorporated herein by reference as if fully set forth herein in the form required pursuant to said Article IX and with the same force and effect as if the BRA expressly obligated itself hereunder to perform all obligations required of "Participating Parties" (as defined in the Grant Agreement) set forth in said Article IX. The BRA further agrees that in administering the use of the Grant Funds it will require compliance by the Developer with all said provisions of said Article IX and with all applicable terms and conditions of the Grant Agreement and the HUD Community Development Block Grant Program.

Section 8. Assignment

The BRA shall not assign or in any way transfer its interest or rights in this Agreement without the prior written consent of the City.

Section 9. Notices

Any notice or other communication required or permitted hereunder shall be deemed satisfactorily given upon depositing the same in writing in the United States mail by postage prepaid, registered or certified mail, addressed (i) if to the City, c/o the Mayor, City Hall, Boston, Massachusetts 02201, (ii) if to BRA, c/o Director, Boston Redevelopment Authority, City Hall, Boston, Massachusetts 02201, or at such other address as the City or the BRA may designate in writing.

Section 10. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid and unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 11. Amendment

The Agreement may be amended only by a written agreement executed by the City and the BRA.

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized officers to execute this Agreement as of the date first above written.

ATTEST:

CITY OF BOSTON

By

Raymond L. Flynn, Mayor

ATTEST:

BOSTON REDEVELOPMENT AUTHORITY

By

Stephen Coyle, Director

APPROVED AS TO FORM

APPROVED AS TO FORM

Corporation Counsel
City of Boston

Chief General Counsel
Boston Redevelopment Authority

PROJECT LOAN AGREEMENT

Project Loan Agreement, dated as of _____, 1985 (this "Agreement"), by and among the BOSTON REDEVELOPMENT AUTHORITY, a public body politic and corporate organized under Chapter 121B of the Massachusetts General laws, as amended (the "BRA"); and BUILDING 103 ASSOCIATES LIMITED PARTNERSHIP, a Massachusetts limited partnership ("Developer").

PRELIMINARY STATEMENT

The City of Boston, Massachusetts (the "City") has received funding approval in the amount of One Million Six Hundred Forty-Nine Thousand Six Hundred Fifty Dollars (\$1,649,650) under Section 119 of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended which authorized the Urban Development Action Grant ("UDAG") program. The City has accordingly entered into that certain Revised UDAG Grant Agreement, dated _____, 1985 (the "Grant Agreement", Exhibit G hereto), with the United States Department of Housing and Urban Development ("HUD"), pursuant to which HUD will advance the UDAG grant funds (the "Grant Funds") to the City. The City has further entered into an agreement (the "Transfer Agreement"), pursuant to which the City will transfer the Grant Funds for administrative purposes to the BRA, which will in turn lend One Million Six Hundred Forty-Nine Thousand Six Hundred Fifty Dollars

(\$1,649,650) of the Grant Funds to Developer for the purposes set forth in this Agreement.

In order to rehabilitate a historic structure and to create new employment opportunities in the City, Developer will utilize the Grant funds loaned by the BRA in a program to rehabilitate the building and land owned by or to be acquired by Developer and known as Building 103, Charlestown Navy Yard, Charlestown, Massachusetts (the land and the building are collectively called the "Property"). Developer will expend at least Six Million Nine Hundred Sixty-Four Thousand Six Hundred Fifty Dollars (\$6,964,650), as shown in Exhibit D of the Grant Agreement (the "Budgeted Project Cost") for the Project, as such term is hereinafter defined,, of which One Million Six Hundred Forty-Nine Thousand Six Hundred Fifty Dollars (\$1,649,650) will be reimbursed by the loan of the Grant Funds to Developer at a ratio of One and No/100 Dollar (\$1.00) to every Three and No/100 Dollars (\$3.00) of other funds expended on Eligible Project Costs, as such term is hereinafter defined. It is anticipated that at least two (2) new permanent jobs will be created as a result of the Project, and special provision will be made for employment of Boston residents, minorities, and women.

In consideration of the foregoing, the BRA and Developer hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings ascribed to them below:

(a) The "Architect" shall mean Bruner-Cott and Associates, Inc. having an address at 75 Cambridge Parkway, Cambridge, Massachusetts 02142, or another architect designated by Developer (or its successors), subject to the reasonable approval of the BRA.

(b) "Completion of the Project" shall mean the substantial completion of the Project Improvements, as such term is hereinafter defined, at a cost of no less than the sum required to be expended pursuant to Section 2(b) of this Agreement, so as to make the Project Improvements ready for use for the purposes set forth in this Agreement, except for incomplete items which do not materially interfere with the use of the Project Improvements for such purposes and items awaiting seasonable opportunity to complete, as certified in writing to the BRA by the Architect.

(c) "Completion Date" of the Project Improvements, as such term is defined, shall mean February 16, 1986, as the same may be extended pursuant to the provisions of Section 20(d).

(d) The "Credit Institutions" shall mean "MHFA" as such term is hereinafter defined, and any other financial institution

issuing a letter of credit or advancing funds to Developer pursuant to a "SHARP" loan, as such term is hereinafter deferred.

(e) "Eligible Project Costs" shall mean those costs for the Project Improvements set forth in Exhibit A hereto.

(f) The "Improvements" or "Project Improvements" shall mean the reconstruction, rehabilitation, furnishing, and equipping of the core and shell of the Building, as described in the plans and specifications prepared by the Architect and set forth in Exhibit B hereto (the "Plans").

(g) The "Loan" shall mean the loan by the BRA to Developer of the sum of One Million Six Hundred Forty-Nine Thousand Six Hundred Fifty Dollars (\$1,649,650) of the Grant Funds pursuant to Section 4 of this Agreement.

(h) "MHFA" shall mean the Massachusetts Housing Finance Agency.

(i) The "Project" shall mean the reconstruction, rehabilitation, furnishing, equipping, operation, maintenance, and use of the Building as described, and for the uses, activities, and purposes set forth, in the Grant Agreement.

(j) "Rent Moderation Funds" shall mean the funds available from the escrow accounts established by the Developer to be used

to subsidize rents as agreed upon by Developer and the Credit Institutions.

(k) "SHARP loan" shall mean the loan relating to the Project made to Developer pursuant to the State Housing Assistance Rental Program of the Commonwealth of Massachusetts.

(l) The "UDAG Application" shall mean, collectively the original application dated December 29, 1983 which was submitted by the City to HUD for approval of the Grant, and those subsequent submittals referred to in Exhibit A, rider to Section 1.03(2) of the Grant Agreement.

(m) The "UDAG Mortgage" shall mean the mortgage given by Developer, as mortgagor, to the BRA, as mortgagee, to secure the UDAG Note, as such term is hereinafter defined, which mortgage shall be in the form attached hereto as Exhibit C.

(n) The "UDAG Note" shall mean the promissory note given by Developer to the BRA to evidence the Loan, which promissory note shall be in the form attached hereto as Exhibit D.

2. COMPLETION OF THE PROJECT

(a) Construction. Developer shall construct diligently and continuously from not later than February 15, 1985, and complete in all material respects, the Project Improvements, including all

aspects of the Project Improvements to be funded by the Loan and those to be funded privately, and Completion of the Project shall occur not later than the Completion Date, all substantially in accordance with the standards of quality represented in the Plans.

(b) Cost of Project. Developer shall expend not less than Six Million Nine Hundred Sixty-Four Thousand Six Hundred Fifty Dollars (\$6,964,650), including the Loan proceeds, for all activities necessary for completion of the Project.

(c) Escrows. Any and all requirements hereunder that funds be placed in escrow by Developer shall be satisfied if such funds are placed in escrow in an account at any of the Credit Institutions upon terms and conditions reasonably satisfactory to the BRA and to such Credit Institution.

3. CREATION OF JOBS

(a) Construction Period Jobs. Developer shall use its best efforts to comply with, and cause its contractors and subcontractors to comply with the Executive Orders of the Mayor of the City of Boston respectively dated June 28, 1978, and September 11, 1979, with respect to employment on all construction funded, in whole or in part, by the Loan, which are incorporated herein by reference.

(b) Creation of Permanent Jobs. Developer shall use its best efforts to create and maintain, until the expiration of this Agreement, the numbers and kinds of permanent, new jobs as described in, and within the time limits specified by, Exhibit A of the Grant Agreement.

(c) Hiring Reports. Developer shall file with the BRA hiring reports on the numbers and types of jobs created, from time to time as the BRA may reasonably require, but in no event more frequently than quarterly.

4. AGREEMENT TO LEND AND BORROW

Subject to receipt by the BRA from HUD of all approvals of the Evidentiary Materials required by the Grant Agreement and all of the terms and conditions hereof, the BRA agrees to lend to Developer and Developer agrees to borrow from the BRA to pay Eligible Project Costs incurred or to be incurred by Developer the principal amount of One Million Six Hundred Forty-Nine Thousand and Six Hundred Fifty Dollars (\$1,649,650) from the Grant Funds in installments from time to time pursuant to Sections 6 and 7 hereof. The Loan shall be evidenced by the UDAG Note, and shall be secured by the UDAG Mortgage. The Loan shall be repaid with interest at the rate and upon the terms set forth in the UDAG Note. The Loan shall not be deemed an assignment of the Grant Agreement, and Developer shall not succeed to any rights, benefits or advantages of the City under the Grant Agreement, nor

attain any rights, privileges, authorities, or interests in or under the Grant Agreement.

5. CONDITIONS PRECEDENT TO FIRST ADVANCE

Prior to the first advance hereunder, and as a condition of Developer's right to receive any of the proceeds of the Loan, Developer shall have furnished to the BRA:

(a) Opinion of Developer's counsel made in accordance with Sections 10.02, 10.03, 10.10, and Exhibit E(II) of the Grant Agreement, that Developer has good and marketable title to the Property; subject only to the matters disclosed in the Mortgagee's policy of title insurance referred to in Subsection (e) of this Section 5.

(b) Evidence reasonably satisfactory to the BRA that Developer has expended not less than Two Hundred Thousand Dollars (\$200,000) of equity (or of the proceeds of a loan secured by a pledge by Developer of deferred installments of equity) in connection with the Project.

(c) Evidence as required by Section 10.07, and Exhibit E of the Grant Agreement that cash and/or liquid assets and/or such other legally binding and sufficient commitment to provide funds of not less than \$1,750,000 are available or irrevocably committed to Developer and are sufficient to complete the Project.

Such certification shall identify the kinds of assets and the nature of the irrevocable treatment.

(d) Evidence as required by Section 5.01(6) and Exhibit E of the Grant Agreement that Developer has obtained, or assurance that it will obtain, all Federal, state, and local governmental approvals and reviews required by law for the construction of Project;

(e) A Mortgagee's ALTA policy of title insurance in the full amount of the UDAG Loan insuring the BRA's interest in the Property and copies of the owner's policies of title insurance insuring the fee and interests of Developer in the Property, all issued by a responsible company licensed to do business in the Commonwealth of Massachusetts, in form satisfactory to the BRA, insuring that BRA will be the holder of a third lien on the Property, free of encumbrances and other exceptions to title other than those permitted encumbrances listed in the UDAG Mortgage and not subordinate to any interest except: the MHFA first mortgage in an amount not to exceed \$3,565,00 plus further advances by the MHFA which are invested in the Project and which are required for its completion; and the Mortgage securing the SHARP loan;

(f) A certificate of property insurance as required by Section 17 of this Agreement;

(g) Opinions of counsel to Developer as to its authority to enter into, and the due execution, delivery, and the validity and binding effect on Developer of, this Agreement and of all documents, instruments, certificates and agreements contemplated hereby to which Developer is a party;

(h) A guaranty by Mel A. Barkan, Louis N. Garfield and Immobiliare New England (collectively called the "Guarantors"), general partners of Developer, of the completion of the Project Improvements as required by this Agreement (the "Guaranty of Completion") in the form attached hereto as Exhibit F;

6. REQUESTS FOR ADVANCES

(a) Advances of Loan funds shall be made by the BRA from time to time (but in no event more frequently than monthly) upon receipt by the BRA of written requisitions therefor on AIA Forms G702 and G703 (or the equivalent) or such other forms approved by the MHFA signed by such authorized persons as Developer so designates, accompanied by the documentation set forth in Section 6(b) hereof. Each such advance shall be for a minimum amount Fifty Thousand Dollars (\$50,000), except for the last advance. The proceeds of each advance will be paid to Developer in immediately available Boston clearing house funds or equivalent.

(b) Each request shall be submitted to the Director of the BRA at its offices at One City Hall Square, Boston, Massachusetts 02201, together with:

(1) A certification by Developer that such costs are Eligible Project Costs;

(2) If reasonably required by the BRA, a programmatic report by Developer describing progress of the Project Improvements to date and an updated timetable showing the estimated time for commencement and completion of each major portion of the Project; and

(3) A rundown of title followed thereafter by an endorsement to the BRA's title insurance policy, certifying the current state of the BRA's interest in the Property.

(c) Within ten (10) business days after its receipt of each request, the BRA shall approve the request and submit to the City for forwarding to HUD all necessary materials for a drawdown of the Grant Funds in the amount so requested and approved, or shall give written notice to Developer of the reasons for disapproval. Failure by the BRA to act within the said ten (10) business days shall be deemed an approval of the request. If the BRA has failed to act within such ten-day period and the request for the advance shall be deemed to have been approved hereunder, Developer shall have the right to so notify the City and proceed with

the processing for the approval of such request. The BRA shall exercise due diligence to expedite the drawdowns of the Grant Funds from HUD to the City and to expedite the transfer of the Grant Funds from the City to the BRA pursuant to the Transfer Agreement. Upon receipt of the said Grant Funds, the BRA shall immediately advance the same to Developer if Developer is not in default hereunder at the time the request for such advance was made. In the event the BRA or the City fails to act, delays, or acts unreasonably in the performance of their duties to process requests for advances in an expeditious manner, Developer shall have the right, in addition to any other right they may have at law or in equity, to institute arbitration proceedings in Boston, Massachusetts pursuant to the rules and regulations of the American Arbitration Association. If arbitration is commenced pursuant to the preceding sentence, any party to such arbitration shall have the right to enforce the award or the finding in a court of competent jurisdiction.

(d) Without waiving any of its rights under this Agreement, the BRA shall always have the right to make an advance hereunder without satisfaction of each and every condition on the BRA's obligation to make such an advance.

(e) Subject to the provisions of Section 8(e), the BRA shall have no obligation to make advances hereunder for costs incurred after February 16, 1986 or such later date as may be established

due to an extension of the Schedule of Performance contained in Exhibit F of the UDAG Grant Agreement.

(f) Notwithstanding any other provision of this Agreement, and at the option of the BRA, the final ten percent (10%) of the Loan shall not be advanced to Developer until the BRA has, within thirty (30) days after submission of a request for advance of such final ten percent (10%) or the final portion thereof, performed an inspection of the Project and an audit of Developer's books, records, accounts and other documents relating to the Project. If such inspection and audit shall not be performed within said thirty (30) days, then unless within such thirty-day period the BRA has found any material noncompliance by Developer with the provisions hereof, the BRA shall immediately approve the request for the advance of said portion of the Loan in accordance with this Section 6.

7. DISCLAIMER OF RELATIONSHIPS

No provision contained herein, nor any action taken pursuant to this agreement shall constitute nor shall be construed to create any relationship of limited or general partnership, joint venture, principal and agent, employer and employee or any relationship whatsoever between the Developer and BRA other than the relationship of creditor and debtor.

8. RIGHTS OF CREDIT INSTITUTIONS

(a) The Credit Institutions shall be entitled, upon succeeding to any of the interest in the Project of Developer, whether by foreclosure of any Priority Mortgage, as such term is hereinafter defined, deed in lieu of foreclosure, or otherwise, to receive all undisbursed Grant Funds, upon certification to the BRA and HUD by the Architect that the Improvements have been substantially completed in accordance with the Plans, so long as the Credit Institutions agree in writing with the BRA and HUD to complete construction of the Project and to repay the Loan, all on the terms and conditions set forth in this Agreement. Such terms and conditions shall include, without limitation (i) that installment payments required on the Loan shall be made after payment of all debt service secured by the Priority Mortgages, which shall include payment to the Credit Institutions of a return on the Credit Institutions' Investment (as defined in Section 8(c)) equal to the interest rate provided in the Priority Mortgages as well as after payment of all other costs and expenses of the Project; and (ii) that the Credit Institutions shall not be personally liable for such completion or repayment.

(b) If the Credit Institutions determine to sell the Project to a third party, whether at foreclosure or subsequent to succession of the Credit Institutions to all or any part of the interest of Developer in the Project, the BRA will not unreasonably withhold its consent to substituting such third party for

Developer for all purposes under the terms hereof, provided such third party enters into an agreement that is substantially similar to this Agreement. It is understood that, in the event of such substitution, the terms and conditions of the UDAG Mortgage relative to acceleration of the Loan upon sale of the Project shall not be applicable.

(c) The term "Credit Institutions' Investment" shall mean all sums secured by the Priority Mortgages as of the time of acquisition of the Project by the Credit Institutions plus all additional amounts advanced in connection with the Project by the Credit institutions, plus interest on all such sums at the rate of interest provided in the Priority Mortgages, less any sums deemed repaid as debt service as contemplated by Section 8(a), to the extent received by the Credit Institutions.

(d) If a sale to and substitution of a third party is made in accordance with the terms of Section 8(b) above, the UDAG Mortgage shall, at the election of the Credit Institutions, be subordinated to a purchase money mortgage in favor of the Credit Institutions so long as the amount of such purchase money mortgage does not exceed the Credit Institutions' Investment.

(e) The Credit Institutions shall be given written notice by the BRA of any default by Developer under this Agreement, the UDAG Note, the UDAG Mortgage, and any other instrument given to evidence or secure the obligations of Developer hereunder, and

shall have thirty (30) days after receipt of such notice, or such longer time as is reasonably necessary, to cure such default on behalf of such party prior to the exercise by the BRA or any other party of any remedies on account of such default.

(f) The BRA hereby agrees, for a six-month period following a default by Developer hereunder and the expiration of any applicable notice, grace and cure period, to exhaust any and all remedies it might have against Developer prior to seeking to obtain repayment of the Loan or performance of any other obligation under this Agreement from the Project, any of the Credit Institutions, their successors or assigns or a purchaser at foreclosure, whether or not any of the Credit Institutions shall have succeeded to any or all of the interest of Developer in the Project.

9. PROTECTION OF THE BRA'S MORTGAGE INTEREST

(a) The BRA acknowledges that the UDAG Mortgage shall be subject and subordinate to the liens of the mortgages set forth in Exhibit E hereto by Developer, as mortgagor, to the respective mortgagees described in said Exhibit E (the "Priority Mortgages"). Developer shall pay, when due, all payments due under any respective Priority Mortgage to which it is a party, and all sums for labor, purchased in connection with construction, maintenance, and operation of the project, and Developer shall at all times keep the Project Property free from any attachment, lis

pendens, mechanics or other liens or notices arising from the furnishing of labor or materials, and from all other liens and encumbrances of any kind, except as permitted by this Agreement and as may otherwise be authorized in writing by the BRA. Notwithstanding the foregoing provisions of this Section 9(a), the existence of an attachment, lis pendens, or other such lien or notice for a period not in excess of thirty (30) days shall not be deemed to be a default of Developer hereunder if there shall be no cessation of construction or operation of the Project and is not otherwise in default and shall proceed promptly to cause such attachment, lis pendens, lien, or notice to be removed, but the BRA shall not be obligated to make any advance while such attachment or lis pendens remains outstanding, unless a bond, title insurance or other security reasonably satisfactory to the BRA is provided. A bond or other security satisfactory to the Credit Institutions and the Trustee shall be satisfactory to the BRA hereunder.

(b) Except as hereinafter limited, the BRA may, after giving Developer ten (10) business days prior written notice, pay such amount as may be necessary to cause to be discharged any encumbrances, any sums due or claimed to be due for labor or materials furnished, and any other sums which in the opinion of the BRA or its attorneys it is expedient to pay in order to secure its interest in the Project, and may take such other and further action, as it may reasonably deem necessary to protect the Loan to Developer. The BRA will not pay any sum as to which Developer

informs the BRA there is a bona fide dispute, provided the BRA reasonably determines that the failure to pay such amount will not impede or prevent performance by Developer of its obligations hereunder and as to future advances hereunder, the BRA is reasonably satisfied that it has or can be given such assurances against such unpaid claims as it may require. Any moneys so paid may be charged against sums due Developer hereunder as the BRA may see fit or may otherwise be collected from Developer, and Developer agrees to repay to the BRA all such moneys, notwithstanding that the aggregate indebtedness of Developer to the BRA hereunder may exceed the aggregate amount which the BRA is obligated to advance under this Agreement.

(c) Without limiting the generality of the foregoing, the BRA may make any payment it deems necessary or expedient to cure any default by Developer under any of the Priority Mortgages for the purposes and upon the terms and conditions set forth in this Section 9(b). Developer shall obtain an agreement by the holders of any default by Developer thereunder and the opportunity to cure such default within the same cure period given to Developer.

(d) Developer shall execute such instruments as the BRA may from time to time request to perfect any security interest of the BRA arising under this Agreement, the UDAG Note, or the UDAG Mortgage.

10. ASSIGNMENT OF AGREEMENT

Developer shall not suffer any attachment, whether by trustee process or otherwise, to be made or attempted against its interest in this Agreement or any payment hereunder and shall not, without prior written consent of the BRA, assign or transfer this Agreement or any interest herein or right to payment hereunder except for an assignment to the Trustee or the Credit Institutions to secure loans made to finance the construction of the Project Improvements.

11. TRANSFER OF PROJECT; REFINANCING

(a) Developer shall not without the prior written approval of the BRA, make or permit any sale, conveyance, assignment, encumbrance (except the encumbrances set forth in the BRA's policy of title insurance referred to in Section 5(h) and as otherwise permitted hereby), and, if required, approved by the Credit Institution, or other transfer or disposal of all or any part of its beneficial interests in any of the Property or interests included therein which are described in the UDAG Mortgage as security for the performance of Developer's obligations under the UDAG Mortgage, the UDAG Note, and this Agreement.

(b) Developer shall have the right, at any time and from time to time, to sell additional limited partnership interests in Developer (a "Resyndication"). Developer shall have the right,

at any time and from time to time, without the prior consent of the BRA, to grant a mortgage or mortgages on their respective interests in the Building to secure a loan or loans made to refinance all or any portion of the debt secured by the Priority Mortgages (a "Refinancing"). The BRA shall execute and deliver to Developer any and all instruments reasonably deemed necessary by Developer to subordinate the UDAG Mortgage to the mortgage or mortgages granted in connection with a Refinancing (the "Refinancing Mortgages"); provided, however, that the BRA shall be required to subordinate the UDAG Mortgage to the Refinancing Mortgages only to the extent of the aggregate sums which are or may be secured by the Priority Mortgages, but not to any greater amount.

(c) Upon any Refinancing or Resyndication, there shall immediately become due and payable hereunder, as a mandatory prepayment of the Loan, the difference, if any (not to exceed, however, the amount secured by the UDAG Mortgage), between (i) the principal amount of the debt secured by such Refinancing Mortgages or the gross proceeds of such Resyndication, reduced by the amount paid in satisfaction of the Priority Mortgages; and (ii) the costs and expenses of such Refinancing or Resyndication incurred by Developer to third parties, including, without limitation, legal fees and expenses, financing fees, syndication fees and expenses, prepaid interest, prepayment penalties under the Priority Mortgages, title insurance premiums, surveying costs and

expenses, mortgage brokerage commissions, and securities brokerage commissions.

12. INSPECTION OF PROJECT

Representatives of the BRA shall, upon reasonable notice have the right to enter upon any of the Project property during reasonable business hours and, subject to the rights of tenants, subtenants and occupants of the Project, to inspect the progress of the Project Improvements and materials on the Project Property, and, after Completion of the Project, to inspect for compliance with the terms of this Agreement. In accordance with Section 9.08 of the Grant Agreement, any duly authorized representative of HUD shall, upon reasonable notice, during reasonable business hours and subject to the rights of subtenants and occupants of the Project, have access to the Project until the completion of all closeout procedures respecting the UDAG Agreement.

13. BOOKS AND RECORDS

Developer shall keep and maintain, and shall give access to the BRA and its representatives during reasonable business hours to inspect, copy, audit and examine, accurate books, records, accounts and other documents relating to the Project, including but not limited to those relating to receipt and disbursement of the Loan, to costs of constructing, rehabilitating, and equipping

the Project, and to construction hiring, and shall give similar rights of access to HUD and the Comptroller General of the United States until the completion of all closeout procedures respecting the UDAG Grant and the final settlement and conclusions of all issues arising out of the UDAG Grant.

14. REPORTS

Developer shall cooperate with the BRA and the City in preparing in a timely manner all reports required to be filed in connection with the UDAG Grant and in accordance with any directives of HUD or any statute, rule, or regulation of HUD.

15. COMPLIANCE WITH GOVERNMENTAL REGULATIONS

Developer shall conform to and comply with all applicable restrictions, building codes and zoning ordinances, rules, executive orders, and regulations (as they may be affected by applicable variances) of the United States, the Commonwealth of Massachusetts, and the City, and of any other governmental division, board, or officer having jurisdiction over the Project property or activities; provided however, that Developer shall have the right to contest the same by appropriate legal proceedings.

16. ENVIRONMENTAL REGULATIONS

(a) In order to avoid or minimize damage to the environment resulting from construction of the Project Improvements, Developer shall during all phases of construction activity comply with the "Regulations for the Control of Noise" and "Regulations for the Control of Atmospheric Pollution" promulgated by the City of Boston Air Pollution Control Commission.

(b) No abrasive blasting of exterior or interior building surfaces shall be conducted at the Project unless an application for an Abrasive Blasting Permit has first been approved by the City of Boston Air Pollution Control Commission.

17. INSURANCE

(a) Until the expiration or termination of this Agreement, Developer shall keep all of the insurable property and equipment in respect of the Project insured by fire and extended insurance and additional risk insurance to the same extent and amount which is normally required by institutional mortgagees in the use of similar property and equipment in the City. Such insurance shall be in an amount sufficient to comply with the coinsurance clause applicable to the location and character of the property or equipment, and, in any event, in amounts not less than Eighty Percent (80%) of the current cash value of such property or equipment. All such insurance shall be by standard policies,

obtained from financially sound and responsible insurance companies authorized to do business in Massachusetts, and shall have attached thereto a clause making the loss payable to the BRA, the Credit Institutions, MHFA and Developer, as their respective interests may appear. The BRA agrees that insurance with companies and in amounts satisfactory to the Credit Institutions shall be satisfactory to the BRA.

All insurance policies shall provide that any cancellation, change or termination thereof shall not be effective with respect to the BRA until after at least ten (10) days prior notice has been given to the BRA to the effect that such insurance policies are to be cancelled, changed or terminated at a particular time. Certificates of such policies shall be filed with the BRA prior to the first advance of any Loan proceeds under this Agreement, and certificates of each renewal policy shall be filed with the BRA at least thirty (30) days prior to the expiration of the policy it renews.

(b) If Developer at any time refuses, neglects or fails to secure and maintain in full force and effect any or all of the insurance required pursuant to this Agreement, the BRA at its option, may upon ten (10) days prior written notice to Developer procure or renew such insurance, and all amounts of money paid therefor by the BRA shall be payable by Developer to the BRA, with interest thereon at the then current rate charged to the BRA for Loan funds.

18. NON-DISCRIMINATION

(a) Developer shall not discriminate upon the basis of race, color, sex, age, religion, or national origin in the sale, lease, rental, use, or occupancy of the Project property or any part thereof, provided, however, nothing contained herein shall be construed to prohibit the Developer from maintaining and operating the Project as housing for the elderly as contemplated in the UDAG Grant Agreement.

(b) Developer shall not discriminate against any employee or applicant for employment in connection with the Project because of race, color, sex, age, religion or national origin. Developer shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, sex, age, religion or national origin with respect to employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, selection for training or apprenticeship, and all other aspects of employment. Developer shall further carry out the requirements of (1) the BRA's "Equal Opportunity Compliance Policy" adopted June 12, 1975; (2) the "Commonwealth of Massachusetts Equal Employment Opportunity Anti-Discrimination and Affirmative Action Program" dated December 2, 1975; and (3) the City's "Supplemental Minority Participation and Resident Preference Section" dated January 7,

1980. Developer shall post in conspicuous places, available to employees and applicants for employment, suitable notices setting forth the provisions of this Section 18(b).

(c) Developer shall include the provisions of Section 18(b) in every employment contract, whether union or non-union, and in every construction contract and management contract with respect to the Project, and shall require the inclusion of these provisions in every sub-contract entered into by any of its contractors, so that such provisions will be binding upon each such contractor or subcontractor, as the case may be. Developer shall take such action with respect to any construction contract, sub-contract, or management contract as the BRA may reasonably direct as a means of enforcing such provisions, including sanctions for noncompliance.

19. COMPLIANCE WITH TERMS OF GRANT AGREEMENT

Developer shall observe and perform all of the provisions, not already specifically referred to herein, of Article IX, "Third Party Contract Requirements", of the Grant Agreement, and of every other Article and Exhibit of the Grant Agreement pertaining to Developer as a "Participating Party" thereunder, all of which provisions are incorporated herein by reference as if fully set forth herein in the form required pursuant to said Article IX and such other applicable provisions of the Grant Agreement.

20. DEFAULT

(a) The occurrence of any of the following shall be an event of default under this Agreement:

(1) Developer shall fail to complete the Project Improvements by the Completion Date, as the same may be extended by written agreement of the parties hereto; or

(2) Developer shall fail to use their best efforts to create and maintain the numbers and kinds of permanent new jobs as set forth in Section 3(a) of this Agreement; or

(3) Developer shall fail in any material respect to comply with the nondiscrimination provisions of Section 18 of this Agreement; or

(4) The continuance for ninety (90) days, or for thirty (30) days after receipt by Developer of written notice from the BRA, of any failure in the payment of any sum due under the UDAG Note; or .

(5) Developer shall make any unauthorized assignment or transfer of their respective interests in this Agreement in violation of Section 10 hereof; or

(6) Developer shall make any unauthorized sale, lease, sublease, assignment, or other transfer of any of the Property as prohibited by Section 11(a) hereof; or

(7) The institution by Developer, or any guarantor of either of their respective obligations hereunder, of any proceeding under the Federal Bankruptcy Code, or any other bankruptcy or insolvency law, in which such party is alleged to be insolvent or unable to pay its debts as they mature; the making of an assignment or trust mortgage for the benefit of their respective creditors; or the institution of any such proceedings against such party; or the appointment of a receiver for a substantial portion of the property of such party; or the entering of any order in any proceeding by or against such party decreeing or permitting the dissolution of such party or the winding-up of its affairs, which proceedings or receivership or order remain undischarged for a period of ninety (90) days; or

(8) Developer shall fail to purchase or maintain insurance as required by Section 17 of this Agreement;

(9) Any representation or warranty made by or for Developer in this Agreement or to be furnished to the BRA by or for Developer pursuant to this Agreement shall prove to have been knowingly false in any material respect when made or furnished;

(10) A material failure by Developer in the performance, keeping, or observing of any other covenant, condition, or agreement contained in any Priority Mortgage, this Agreement, the UDAG Note, or the UDAG Mortgage continuing beyond any applicable notice, grace and cure period.

(b) Except in the event of the continuance for ninety (90) days of any failure in payment of sums due under the UDAG Note as described in Section 20(a)(4), the BRA shall give written notice to Developer of any event of default hereunder. If such event of default shall not have been cured within thirty (30) days after receipt of such notice (or, except with respect to the events of default described in Sections 20(a)(5) and 20(a)(6), if such event of default is such that it cannot be cured within said thirty (30) day period, reasonable action has not been commenced by Developer within said period to cure the same and thereafter continued diligently until such default is cured), then the BRA shall have the remedies provided in the section next following entitled "Remedies in Event of Default."

(c) In the event the BRA shall declare the accrued interest on and principal of the UDAG Note to be immediately due and payable by reason of the continuance for ninety (90) days of any failure in payment of sums due under the UDAG Note as described in Section 21(a)(4), such declaration shall not be effective if, within five (5) business days from the date of delivery thereof, shall have cured such failure.

(d) For the purposes of any of the provisions of this Agreement, neither Developer nor the BRA, as the case may be shall be considered in breach or default of its obligations in the event of unavoidable delay in the performance of such obligations due to causes reasonably beyond its control and without its fault or negligence, including but not restricted to, acts of God, or of the public enemy, acts of the Government, acts of the other party, fires, floods, or other casualties, epidemics, quarantine restrictions, labor disputes, freight embargoes, unusually severe weather, or delays of subcontractors due to such causes. In the event of the occurrence of any such enforced delay, provided, that the party seeking the benefit of the provisions of this Section 20(d) shall, within a reasonable period after the beginning of any such enforced delay, have first notified the other party thereof in writing stating the cause or causes thereof and requested an extension for the period of the enforced delay. In no event shall any financing difficulty be a cause for an extension hereunder, except for a delay by any of the BRA, or the Credit Institutions in approving a request for an advance hereunder or any other source of financing for the Project Improvements, or a delay by HUD or the City in making Grant Funds available to the BRA to advance to Developer hereunder.

21. REMEDIES IN EVENT OF DEFAULT

(a) In the event of any default as defined in Section 20 of this Agreement, and subject to the provisions of said Section 20 for notice, grace and cure periods, the BRA may (subject to the rights of the Credit Institutions)

(1) Terminate this Agreement;

(2) Suspend or terminate the advances required by Section 6 of this Agreement (except as to any advance pursuant to a requisition made prior to the existence of an event of default hereunder);

(3) Declare the accrued interest and principal on, and any other sums due under, the UDAG Note to be immediately due and payable.

(4) Exercise any right or remedy available to the BRA under the UDAG Mortgage; and

(5) Exercise any other right or remedy available to the BRA under any other instrument or at law or in equity, including actions or proceedings to compel specific performance and payment of all damages, expenses, and costs.

(b) Developer shall pay to the BRA all reasonable costs and expenses, including attorneys' fees, and the amounts of all judgments and decrees, which may be incurred by the BRA in any proceedings brought to enforce the obligations of Developer set forth in this Agreement, the UDAG Note, and the UDAG Mortgage, and all amounts so incurred may, at the BRA's option, be added to the debt evidenced by the UDAG Note.

(c) In the event and during the continuation of any default by Developer in the payment when due of the principal of (or premium, if any) or any interest on any Superior Debt, as such term is hereinafter defined, or any default (as defined in the instrument evidencing, establishing or securing such Superior Debt) which with notice or the passage of time, or both, would permit any holder or holders of the Superior Debt to accelerate the maturity thereof, of which default written notice shall have been given to Developer by any holder of such Superior Debt under the terms of such instrument, Developer shall not be obligated to make any payments on account of the principal of, or interest on, the UDAG Note.

In the event payment of the UDAG Note is accelerated because of the occurrence of any event of default (under circumstances when the provisions of the preceeding paragraph shall not be applicable) the holders of Superior Debt outstanding at the time the UDAG Note becomes due and payable because of such occurrence of an event of default shall be entitled to receive payment in

full of all principal of (and premium, if any) and interest on all Superior Debt, payment of which is then due by maturity or is accelerated thereby, before the BRA is entitled to receive any payment on account of the principal of, or interest on, the UDAG Note.

The term "Superior Debt" means the indebtedness of Developer secured by any of the Priority Mortgages, and any indebtedness of Developer incurred in connection with the refinancing of such Priority Mortgages. Nothing in this Section 21(c) shall affect or impair in any fashion the rights of the BRA as holder of the UDAG Mortgage.

(d) In the event of a default as defined in Section 20(a)(7) of this Agreement, any payment to the BRA hereunder shall be made only from general assets of Developer which remain after payment, or adequate provision for payment, of all other indebtedness of Developer, as the case may be. All other indebtedness includes, without limitation, liabilities to any bank, lessor, vendor, customer, employee, and general creditor of Developer, and tax or other liabilities to any governmental entity. Nothing in this Section 21(d) shall affect or impair in any fashion the rights of the BRA as holder of the UDAG Mortgage.

22. CONSISTENCY WITH NOTE AND MORTGAGE

Any provision of this Agreement which may be inconsistent with any provision of the UDAG Note, the UDAG Mortgage, or any other instrument given to secure the UDAG Note or this Agreement, shall nevertheless be given full force and effect and be controlling over such provisions of the UDAG Note, the UDAG Mortgage, or other such instrument.

23. NONRECOURSE

Notwithstanding any contrary provision hereof, the Loan contemplated hereby shall be made without recourse to the personal assets of any general or limited partner of Developer, nor any of Developer's successors or assigns, excepting only interests in the Project. In no event shall any general or limited partner or Developer have any personal liability for the payment of any sum of money which is or may become payable by Developer as the case may be, hereunder or under any other document or instrument given by Developer in connection herewith, and the BRA agrees to look only to the assets of Developer specified herein for any such payment. Nothing herein shall impair the personal liability of the Guarantors under the Guaranty of Completion.

24. CONFLICT OF INTEREST

No elected or appointed official, member, employee, agent or consultant of either the City or the BRA who exercises or has exercised a function or responsibility with respect to the UDAG Application or the Grant Agreement, or who is in a position to participate in a decision making process or gain inside information with regard thereto, may obtain, directly or indirectly, a personal or financial interest or benefit from any activity covered by the Grant Agreement or funded, in whole or in part, by the Grant Funds either for himself or those with whom he has family or business ties during his tenure with the City or the BRA or any time after such person's tenure.

25. RIGHTS AND REMEDIES CUMULATIVE

The respective rights and remedies of the BRA, Developer, and the City, whether provided by this Agreement, the UDAG Note, the UDAG Mortgage, any other instrument given to secure the UDAG Note or this Agreement, or by law, shall be cumulative, and the exercise of any one or more of such rights and remedies shall not preclude the exercise, at the same or different times, or any other such rights or remedies.

26. WAIVERS

No course of dealing by the BRA, or delay in accelerating the maturity of the UDAG Note following any default or in taking any other action with respect to any default shall affect the BRA's rights later to so accelerate the Note or take such action, and no waiver of any provision or condition of this Agreement or of the UDAG Note or of the UDAG Mortgage shall affect any other such provision or condition not specifically waived, nor shall such waiver in any instance be construed as a waiver of the same provision or condition in other or subsequent instances.

27. AMENDMENT

This Agreement may not be waived, changed, or discharged orally, but only by a written agreement signed by the party against whom enforcement of such waiver, change, or discharge is sought, and shall be subject to the prior written approval of the Credit Institutions, which approval shall not be unreasonable withheld or delayed.

28. SEPARABILITY

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement. If any term or provision of

this Agreement or the application thereof to any person or circumstance shall to any extent be invalid and unenforceable, the remainder of this Agreement or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

29. SUCCESSORS AND ASSIGNS

The provisions of this Agreement shall be binding upon, and shall insure to the benefit of, the successors and assigns of the public body or bodies succeeding to the interests of the BRA and the City and, subject to the provisions hereof, Developer and the Credit Institutions.

30. NOTICES

All notices required or permitted to be given under this Agreement shall be in writing, signed by a duly authorized officer of Developer or the BRA, and shall be deemed delivered if mailed, postage prepaid, by registered or certified mail, return receipt requested, to the principal office of the party to which it is directed, which is as follows unless otherwise designated by written notice to the other party:

The BRA

Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201
Attention: Director

with a copy to:

Chief General Counsel
Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201

Developer:

Mel A. Barkan
c/o Barkan Properties
1330 Boylston Street
Chestnut Hill, Massachusetts 02167

with copies to:

Louis N. Garfield
c/o Barkan Properties
1330 Boylston Street
Chestnut Hill, Massachusetts 02167

Paul Davis
Immobiliare New England
Charlestown Navy Yard
Building 42C, Apt. 5106
Charlestown, Massachusetts 02129

Jeffrey Dando, Esq.
Goodwin Proctor & Hoar
28 State Street
Boston, Massachusetts 02109

Daniel D. Sullivan, Esq.
Brown, Rudnick, Freed & Gesmer
One Federal Street
Boston, Massachusetts 02110

The Credit
Institutions:

Massachusetts Housing Finance Agency
45 Milk Street
Boston, Massachusetts 02110

with a copy to:

All notices, approvals, instructions, authorizations, determinations, waivers, or other actions required or permitted under this Agreement on the part of the BRA shall be by its Director or any person designated by him or her.

31. SECTION TITLES TO BE DISREGARDED

The titles of the several Sections of this Agreement are for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this Agreement.

32. SYNDICATION PERMITTED

The term "original syndication" means the capital contributions to be received by Developer from the initial admission of investor limited partners in the Developer generating equity funds or replacing borrowed funds necessary for Developer to complete the Project.

33. EXPIRATION

This Project Loan Agreement shall terminate upon the repayment in full of the outstanding principal and interest of the UDAG Note and upon said termination all provisions contained herein shall be null and void as of the time of termination.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed, sealed, and delivered in four (4) counterparts by

their respective duly authorized representatives, as of the date first written above.

BUILDING 103 ASSOCIATES LIMITED
PARTNERSHIP (Developer)

By: _____
Mel A. Barkan, General Partner

By: _____
Louis N. Garfield, General Partner

By: Immobiliare New England, General
Partner

By: _____
Title: _____

BOSTON REDEVELOPMENT AUTHORITY (BRA)

By: _____
Stephen Coyle, Director

EXHIBIT A

Eligible Project Costs

1. Development and Construction costs and fees for the Project;
2. All general requirements of the construction contracts for work on the Project;
3. Construction cost contingencies for construction work on the Project;
4. Architectural, engineering and space planning fees and expenses for the Project;
5. Legal, accounting, and other professional fees and expenses, and administrative and organizational costs and expenses with respect to the Project;
6. Marketing, rent-up costs and fees including rent-up period rental losses with respect to the Project;
7. Construction period interest on the Loan, and any other financing arrangements, and initial issuance and construction period letter of credit fees to the Credit Institutions;
8. Costs of appraisals;
9. Mortgage brokerage fees, if any;
10. Construction period real estate taxes; and
11. Funding a Rent Moderation Fund reserve of up to \$450,000 with respect to the Project upon such terms as agreed upon by Developer and the MHFA;
12. Insurance Costs and Fees.

EXHIBIT B

Plans and Specifications

[to be obtained from architect]

20,160-53
1/24/85-plb

EXHIBIT C

MORTGAGE

BUILDING 103 ASSOCIATES LIMITED PARTNERSHIP, a Massachusetts limited partnership, with offices at c/o Barkan Properties, 1330 Boylston Street, Chestnut Hill, Massachusetts 02167, ("Mortgagor" which term wherever used in this Mortgage shall include successors and assigns), for consideration paid, hereby GRANTS unto the BOSTON REDEVELOPMENT AUTHORITY, a public body politic and organized under the laws of Massachusetts with offices at City Hall, Boston, Massachusetts ("Mortgagee," which term whereever used in this Mortgage shall include its successors and assigns), with MORTGAGE COVENANTS that certain parcel of land (the "Land") together with all buildings, structures and improvements now or hereafter existing thereon (the "Improvements") commonly known as Building 103, Charlestown Navy Yard, Boston, Suffolk County, Massachusetts, and more particularly described in Exhibit 1 hereto (the Land and the Improvements are collectively called the "Mortgaged Premises") to secure payment of One Million Six Hundred Forty-Nine Thousand Six Hundred and Fifty Dollars (\$1,649,650.00) as set forth in a Promissory Note, of even date herewith, from Mortgagor to Mortgagee (the "Note") with interest thereon, or such part thereof as shall from time to time remain unpaid, all payable as provided in, and subject to the terms and conditions of, the Note and a Project Loan Agreement, of even date herewith (the "Project Loan Agreement"), among Mortgagor and Mortgagee, and to secure payment and performance of all other debts, loans and liabilities of any nature, direct or indirect,

absolute or contingent, owed or to be owed to Mortgagee by Mortgagor or any endorser, sureties or guarantors of the Note.

The MORTGAGE COVENANTS shall also pertain to, insofar as they are, or can by agreement of the parties be made a part of the realty, all of the following articles owned by Mortgagor now or hereafter on the Mortgaged Premises or used therewith: Portable or sectional buildings, bathroom, plumbing, heating, lighting, refrigerating, ice making, ventilating and air conditioning apparatus and equipment, boilers, stoves, tanks, motors, pumps, sprinkler and fire extinguishing systems, alarm systems and other fixtures whether or not included in the foregoing enumeration.

Morgagor also GRANTS, with MORTGAGE COVENANTS:

- A. All rents from the Mortgaged Premises from time to time accruing, whether under leases, subleases or tenancies now existing or hereafter created, reserving to Mortgagor, however so long as Mortgagor is not in default hereunder, the right to receive and retain such rents; and
- B. All judgments, awards of damages and settlements hereafter made as a result of in lieu of any taking of the Mortgaged Premises or any part hereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Premises or the improvements thereof or any part thereof, including any award for change of grade of streets, reserving to

Mortgagor, however, so long as Mortgagor is not in default hereunder, the right to receive all such judgments, awards of damages and settlements, and subject to the further terms and conditions set forth below.

This Mortgage is subject and subordinate to the mortgages set forth in Exhibit 2 hereto (the "Priority Mortgages") and the rights of Mortgagee hereunder are subject and subordinate to the rights of the mortgagees under the Priority Mortgages.

Mortgagor covenants and agrees with Mortgagee that:

1. Mortgagor is lawfully seized of a fee simple estate in the Land, Buildings and Improvements, and has good right, full power and lawful authority to sell and convey the same in the manner aforesaid; and that such estate is free and clear of all encumbrances, subject to those matters set forth in Exhibit 3 hereto ("Permitted Encumbrances").
2. Mortgagor will pay the Note and interest and any premium or penalty thereon as the same shall become due and payable, and will pay such other indebtedness for which Mortgagor may be liable to Mortgagee with respect to the Mortgaged Premises.
3. Mortgagor will protect and maintain or cause to be maintained in good order, repair and condition at all times, the buildings, structures and other improvements now or hereafter a part of the Mortgaged Premises, and any additions and improvements thereto, and the utility services, the parking areas and access roads, and all

buildings fixtures now or hereafter acquired by Mortgagor and used in connection with the Mortgaged Premises and subject to the lien of this Mortgage, promptly replacing any of the aforesaid which may become lost, destroyed or unsuitable for use with any property of similar character.

4. Mortgagor will keep or cause to be kept insured the Mortgaged premises as required in the Project Loan Agreement. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney-in-fact, with full power of substitution, to assign any policy in the event Mortgagee takes possession of the Mortgaged Premises or any part thereof.
5. If the Mortgaged Premises, or any part thereof, shall be damaged or destroyed, Mortgagor shall proceed promptly to establish and collect all valid claims which may have arisen against insurers or other based upon any such damage or destruction. Subject to the requirements of any Priority Mortgage, all proceeds of any such claim and any other monies provided for the construction, restoration or repair of the Mortgaged Premises shall be deposited in full in a separate account of Mortgagor, and the insurance proceeds and any other proceeds so collected shall, to the extent practicable, be used and expended for the purpose of fully repairing or reconstructing the Mortgaged Premises which have been destroyed or damaged to a condition at least comparable to

that existing at the time of such damage or destruction to the extent that such insurance proceeds and other proceeds may permit. Subject to the requirements of any Priority Mortgage, any such proceeds not so used, or any excess proceeds after such repair or reconstruction has been completed, shall, at the option of Mortgagee, be retained by Mortgagor or shall be applied to the indebtedness secured hereby in such manner as Mortgagee may elect.

6. Subject to the requirement of any Priority Mortgage, awards of damages which may be made on account of any condemnation for public use of or injury to the Mortgaged premises shall be deposited in full in a separate account of Mortgagor, and all proceeds of such awards shall, to the extent practicable, be used and expended for the purpose of repairing or reconstructing that part of the Mortgaged Premises which remains to the extent that such proceeds may permit. Subject to the requirements of any Priority Mortgage, any such proceeds not so used, or any excess proceeds after such repair or reconstruction has been completed, shall, at the option of Mortgagee, be retained by Mortgagor or shall be applied to the indebtedness secured hereby in such manner as Mortgagee may elect.
7. Mortgagor will not commit or suffer any strip or waste of the Mortgaged Premises or any violation of any law, rule, regulations, ordinance, license or permit, or the

requirements of any licensing authority affecting the Mortgaged Premises or any business conducted thereon, and will not commit or suffer any demolition, removal or material alteration (except as contemplated by the Project Loan Agreement) of any of the Mortgaged Premises without the written consent of the Mortgagee, which will not be unreasonably withheld, and will not violate nor suffer the violation of the covenants and agreements, if any, of record against the Mortgaged Premises. Mortgagor will timely obtain and do or cause to be obtained and done anything required to keep in force any and all permits, licenses and approvals, however denominated, required to erect and maintain the improvements on the Mortgaged premises provided for in the Project Loan Agreement and to use the Mortgaged Premises for the uses required by the Project Loan Agreement.

8. Mortgagor agrees that it will not sell, transfer or encumber the Mortgaged Premises, except for the permitted Encumbrances and as permitted under the Project Loan Agreement.
9. Mortgagor will pay or cause to be paid all sums, the failure to pay which may result in the acquisition of a lien prior to the lien of this instrument before such a prior lien may attach or which may result in conferring upon a tenant or sub-tenant of any part or all of the

Mortgaged premises a right to recover such sums as pre-paid rent, except as permitted under the Project Loan Agreement or as otherwise permitted by Mortgagee.

10. If Mortgagor shall neglect or refuse (a) to maintain and keep in good repair the Mortgaged Premises or any part thereof as required by this instrument, or (b) to maintain and pay the premiums for insurance which may be required by this instrument, or (c) subject to its right to contest the same as set forth in Section 19 hereof, to pay and discharge all assessments and charges of every nature and to whomever assessed, as required by this instrument, or (d) to pay the sums required to be paid in Paragraph 9, or (e) to satisfy any other terms or conditions of this Mortgage, Mortgagee may, at its election, cause such repairs or replacements to be made, obtain such insurance or pay said assessments, charges and sums, incur and pay reasonable amounts in protecting its rights hereunder and the security hereby granted, pay any balance due under any conditional agreement of sale of any property included as a part of the Mortgaged Premises, and pay any amounts as Mortgagee deems necessary or appropriate to satisfy any terms or condition of this Mortgage, which Mortgagor shall have failed to satisfy, or to remedy any breach of such terms or condition. In such event, any amounts of expenses so paid or incurred, together with interest thereon from the date

of payment by Mortgagee at the same rate as then currently paid by Mortgagee for borrowing money, shall be immediately due and payable by Mortgagor to Mortgagee and until paid may be added to and become a part of the principal debt secured hereby, and the same may be collected as part of said principal debt in any suit hereon or upon the Note. No payment by Mortgagee shall relieve Mortgagor from any default hereunder or impair any right or remedy of Mortgagee consequent thereon.

11. If any action or proceeding be commenced to foreclose of this Mortgage or to collect the debt hereby secured, to which action or proceeding Mortgagee is made a party by reason of the execution of this Mortgage, by reason of any obligation which it secures, or by reason of entry or any other action under this Mortgage, or if it becomes necessary in connection with legal proceedings or otherwise to defend or uphold the lien of this Mortgage or any act taken under this Mortgage against any third party, all sums paid or incurred by Mortgagee for the expense of any litigation or otherwise, in connection with any rights created by this Mortgage, shall be paid by Mortgagee, or may at the option of Mortgagee be added to the debt secured hereby, expressed in writing by Mortgagee.
12. Mortgagee shall, in addition to all other rights, be subrogated for further security to the lien, although released of record, of any and all encumbrances on the

Mortgaged Premises or any part thereof, to the extent satisfied by funds of the Mortgagee, whether paid out of the proceeds of the loan secured by this Mortgage or otherwise.

13. Upon request, Mortgagor will assign to mortgagee, as security for the debt hereby secured, the lessor's interest in any and all leases, rental or occupancy agreements now or hereafter outstanding, and Mortgagor's interests in all agreements, contracts, licenses and permits hereafter outstanding, affecting the Mortgaged Premises, such assignments to be made by instruments in form satisfactory to Mortgagee and authorizing Mortgagee, in the event of foreclosure, to sell and assign said interest to the purchaser at foreclosure, but no such assignment shall be construed as a consent by Mortgagee to any sublease, agreement, contract, license or permit so assigned, or to impose upon Mortgagee any obligations with respect thereto. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any such assignment on behalf of Mortgagor which Mortgagor fails or refuses to do.
14. Mortgagor will promptly cause this Mortgage to be recorded or registered at such times and places as may be required by law or deemed advisable by Mortgagee to create, preserve or protect the lien hereof upon the

Mortgaged Premises or any part thereof; and Mortgagor will from time to time do and cause to be done all such things as may be required by Mortgagee or required by law therefor. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any such things on behalf of Mortgagor which Mortgagor fails or refuses to do pursuant to this Section 14.

15. Mortgagee may, without notice to any persons, deal with any successor in interest of Mortgagor herein regarding this Mortgage and the debt hereby secured in all respects as it might deal with Mortgagor herein, without in any way affecting the liability hereunder or upon the debt hereby secured by any predecessor in interest of the person so dealt with; and no sale of the Mortgaged Premises, nor any forbearance on the part of Mortgagee, nor any extension by Mortgagee of time for payment of the debt hereby secured, shall operate to release, discharge, modify, change or affect the original liability of any predecessor in interest of the owner of the equity of redemption at the time of such sale, forbearance or extension.
16. Subject to the provisions of Section 17, upon the breach of any covenant of Mortgagor contained herein or in the Project Loan Agreement or upon any default by Mortgagor

under any Priority Mortgage which may result in foreclosure of such Priority Mortgage and the expiration of any applicable notice, grace and cure period, then in any of such events, at the option of Mortgagee, the entire debt secured by this Mortgage shall become immediately due and payable without further notice.

17. a. The mortgagees under the Priority Mortgages (the "Credit Institutions") shall be entitled, upon succeeding to any of the interest in the Mortgaged Premises of Mortgagor, whether by foreclosure, deed in lieu of foreclosure or otherwise, to receive all undisbursed Grant Funds, as such term is defined in the Project Loan Agreement, upon certification to the Mortgagee and to the United States Department of Housing and Urban Development ("HUD") that the Improvements, as such term is defined in the Project Loan Agreement, have been substantially completed in accordance with the Plans, as such term is defined in the Project Loan Agreement, so long as the Credit Institutions agree in writing with Mortgagee and HUD to complete construction of the Project, as such term is defined in the Project Loan Agreement, and to repay the Loan, as such term is defined in the Project Loan Agreement, all on the terms and conditions set forth in the Project Loan Agreement. Such terms and conditions shall include, without limitation (i) that installment payments required on the Loan shall be made after payment of all debt service secured

by the Priority Mortgages, which shall include payment to the Credit Institutions of a return on the Credit Institutions' Investment (as defined below) equal to the interest rate provided in the Priority Mortgages, as well as after payment of all other costs and expenses of the Project, provided that any interest which would otherwise have been due and payable after the payment of then current interest due on the Loan or otherwise upon maturity; and (ii) that the Credit Institutions shall not be personally liable for such completion or repayment.

b. If the Credit Institutions determine to sell the Project to a third party, whether at foreclosure or subsequent to succession of the Credit Institutions to all or any part of the interest of Mortgagor in the Mortgaged Premises, Mortgagee will not unreasonably withhold its consent to substituting such third party for Mortgagor for all purposes under the terms hereof, provided such third party enters into an agreement that is substantially similar to the Project Loan Agreement. It is understood that, in the event of such substitution, the terms and conditions of this Mortgage relative to acceleration of the Loan upon sale of the Project shall not be applicable.

c. The term "Credit Institutions' Investment" shall mean all sums secured by the priority Mortgages as of the time of acquisition of any interest of Mortgagor in

the Mortgaged Premises by the Credit Institutions, plus all additional amounts advanced in connection with the Project by the Credit Institutions, plus interest on all such sums at the rate of interest provided in the Priority Mortgages, less any sums deemed repaid as debt service as contemplated by Section 8(a) of the Project Loan Agreement, to the extent received by the Credit Institutions.

d. If a sale to and substitution of a third party is made in accordance with the terms of Section 17(b) above, this Mortgage shall, at the election of the Credit Institutions, be subordinated to a purchase money mortgage in favor of the Credit Institutions, so long as the amount of such purchase money mortgage does not exceed the Credit Institutions' Investment. Mortgagee, by its acceptance hereof, agrees to execute and deliver any documents reasonably deemed necessary by the Credit Institutions to effectuate such subordination.

e. The Credit Institutions shall be given written notice by Mortgagee of any default by Mortgagor under the Project Loan Agreement, the Note, this Mortgage and any other instrument given to evidence or secure the obligations of Mortgagor thereunder, and shall have thirty (30) days after receipt of such notice, or such longer time as is reasonably necessary, to cure such

default on behalf of such party prior to the exercise by Mortgagee or any other party of any remedies on account of such default.

f. Mortgagee shall, for a six-month period following a default by Mortgagor hereunder and the expiration of any applicable notice, grace and cure period, exhaust any and all remedies it might have against Mortgagor prior to seeking to obtain repayment of the Loan or performance of any other obligation under the Project Loan Agreement from the Project, any of the Credit Institutions, their successors or assigns or a purchaser at foreclosure whether or not any of the Credit Institutions shall have succeeded to any or all of the interest of Mortgagor in the Mortgaged Premises.

18. Subject to the provisions of any Priority Mortgage, Mortgagor authorizes Mortgagee, in addition to all other rights granted by law or by this instrument, whenever and so long as any default hereunder shall exist and without notice, to enter and take possession of all or any part of the Mortgaged Premises and to collect any rents therefrom as may be payable. Upon every such entry, Mortgagee may from time to time at the expense of Mortgagor make all such repairs, replacements, alterations, additions and improvements to the mortgaged Premises as Mortgagee may deem proper and may exercise all rights and power of Mortgagor, either in the name of Mortgagor or otherwise as Mortgagee shall determine.

Mortgagee may, at its option, pay and incur all expenses necessary or deemed by it appropriate for the maintenance, repair and replacement of the Mortgaged Premises, including, without limitation, payments of charges, rates, taxes, betterments, assessments, insurance premiums, charges and reasonable compensation for service of Mortgagee, its attorneys and accountants and, in addition, Mortgagee, at its option, may make payments or incur liability with respect to obligations arising prior to the date it takes possession. All obligations so paid or incurred by Mortgagee may, at Mortgagee's option, be added to the debt secured hereby or deducted from the income or receipts of the Mortgaged Premises.

19. Mortgagor shall have the right to contest, by appropriate legal proceedings, but without cost or expense to Mortgagee unless Mortgagee is an adversary party in the proceedings, the validity of any laws, ordinances, orders, rules and regulations and the validity or amount of any tax, charge or assessment affecting the Mortgaged Premises or the business conducted thereon if compliance therewith or payment thereof may legally be held in abeyance without incurring any charge, lien or liability against the Mortgaged Premises and without the loss of suspension or any license, right or permit with respect to the Mortgaged Premises and without the loss of suspension or any license, right or permit with respect to

the Mortgaged Premises; and Mortgagor may postpone compliance therewith or payment thereof until the final determination of any such proceedings, provided it shall be prosecuted with due diligence and dispatch, and if any lien or charge is incurred, Mortgagor may, nevertheless, make the contest and delay compliance, provided Mortgagee is furnished with security reasonably satisfactory to it against any loss or injury by reason of such non-compliance or delay. Security satisfactory to the holders of the Priority Mortgages shall be deemed satisfactory to Mortgagee.

20. Notwithstanding the foregoing provisions of this Mortgage, the existence of an attachment, lis pendens or other such lien or notice for a period not in excess of thirty (30) days shall not be deemed to be a default of Mortgagor hereunder if there shall be no cessation of construction or operation of the project and mortgagor is not otherwise in default and shall proceed promptly to cause such attachment, lis pendens, lien or notice to be removed, but Mortgagee shall not be obligated to make any advance under the Project Loan Agreement while such attachment or lis pendens remains outstanding unless a bond or other security reasonably satisfactory to Mortgagee is provided. A bond, title insurance or other security satisfactory to the holders of the Priority Mortgages shall be satisfactory to Mortgagee hereunder.

21. Any demand, notice or request by either party to the other shall be sufficiently given if delivered to the party intended to receive the same and receipted therefor or if mailed by registered or certified mail, return receipt requested, addressed to each party at the following addresses:

If to Mortgagee:

Director
Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201

with a copy to:

Chief General Counsel
Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201

if to Mortgagor:

Mel A. Barkan
c/o Barkan Properties
1330 Boylston Street
Chestnut Hill, Massachusetts 02167

with a copy to:

Louis N. Garfield
c/o Barkan Properties
1330 Boylston Street
Chestnut Hill, Massachusetts 02167

Paul Davis
Immobiliare New England
Charlestown Navy Yard
Building 42C, Apt. 5106
Charlestown, Massachusetts 02129

Jeffrey Dando, Esq.
Goodwin, Proctor & Hoar
28 State Street
Boston, Massachusetts 02109

Daniel D. Sullivan, Esq.
Brown, Rudnick, Freed & Gesmer
One Federal Street
Boston, Massachusetts 02110

if to the Credit Institutions:

Director
Massachusetts Housing Finance Agency
45 Milk Street
Boston, Massachusetts 02110

with a copy to:

or at such other addresses as may be stated in a notice delivered or mailed as herein provided.

22. Nothing in this Mortgage shall be construed as obligating Mortgagee to take any action or incur any liability with respect to the Mortgaged Premises or any business conducted thereon, and all options given to Mortgagee are for its benefit and shall be exercised in its sole discretion.
23. In case any one or more of the provisions of this Mortgage are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof.
24. No consent or waiver, express or implied, by Mortgagee to or of any default by Mortgagor shall be construed as a consent or waiver to or of any other or subsequent default. No waiver of any default or other indulgence shall be effective unless expressed in writing by Mortgagee.

25. In case any default in any condition of this Mortgage shall occur, Mortgagee, to cure such default, may apply any deposits or any sums credited by or due from Mortgagee to Mortgagor without first enforcing any other rights of Mortgagee against Mortgagor, any endorser or guarantor of the Note, or the Mortgaged Premises. No sale of the mortgaged Premises, or forbearance on the part of Mortgagee, and no extension, whether oral or in writing, of the time for the payment of the whole or any part of the debt hereby secured or any other indulgence given by Mortgagee to any person other than Mortgagor, shall operate to release or in any manner affect the original liability of Mortgagor, notice of any such extensions or indulgences being waived. In case redemption is had by Mortgagor after foreclosure proceedings have been begun, Mortgagee shall be entitled to collect all costs, charges and expenses incurred up to the time of redemption.
26. If any provision of this Mortgage is inconsistent with any provision of the Project Loan Agreement, or with any provision of any other instrument given to secure the Project Loan Agreement, the provisions of the Project Loan Agreement shall nevertheless be given full force and effect and be controlling over such provisions of this Mortgage, or other such instrument.
27. The Security Instruments shall include the Note, this Mortgage of even date herewith, between Mortgagor, as

debtor, and Mortgagee, as secured party, and the Project Loan Agreement, together with any other instrument now or hereafter executed in favor of or delivered to Mortgagee as evidence of or further security for the debt secured hereby.

28. This instrument is upon the STATUTORY CONDITION and upon the further condition that all covenants and agreements of Mortgagor contained herein and in the Note and the Security Instruments shall be kept and fully performed, for any breach of which Mortgagee shall have the STATUTORY POWER OF SALE.
29. In exercising its power of sale under this Mortgage, Mortgagee may sell the Mortgaged Premises or any part hereof either separately from or together with the whole or any part of other collateral which may constitute security for any obligation secured by the Mortgaged Premises, also as Mortgagee may in its discretion elect.
30. Notwithstanding any contrary provision hereof, the obligations of Mortgagor hereunder are without recourse to any of the assets of (1) Mortgagor as a Massachusetts Limited Partnership or of any of its successors or assigns; or (ii) any general or limited partner of Mortgagor excepting only the Mortgaged Premises described herein. In no event shall Mortgagor or any of its General Partners, Limited Partners agents or employees have any personal liability for the payment of

any sum of money which is or may become payable by Mortgagor hereunder, and Mortgagee agrees to look only to the Mortgaged Premises for any such payment.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Project Loan Agreement.

IN WITNESS WHEREOF, Building 103 Associates, the Mortgagor, has caused this Mortgage to be executed and delivered as a sealed instrument by its respective duly authorized representatives, as of the date and year set forth below.

DATE: _____, 1985

BUILDING 103 ASSOCIATES LIMITED
PARTNERSHIP

Mel A. Barkan, General Partner

Louis N. Garfield, General
Partner

IMMOBILIARE NEW ENGLAND

By: _____

Title: _____

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

_____, 1985

On this date, appeared before me the above-named Mel A. Barkan, a General Partner of Building 103 Associates Limited Partnership, who executed the foregoing instrument and acknowledged the same to be his free act and deed and the free act and deed.

Notary Public
My Commission Expires: _____

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss. _____, 1985

On this date, appeared before me the above-named Louis N. Garfield, a General Partner of Building 103 Associates Limited Partnership, who executed the foregoing instrument and acknowledged the same to be his free act and deed and the free act and deed.

Notary Public
My Commission Expires: _____

COMMONWEATH OF MASSACHUSETTS

Suffolk, ss. _____, 1985

On this date, appeared before me _____
the above-named _____,
of Immobiliare New England, a General Partner of Building 103 Associates Limited Partnership, who executed the foregoing instrument on behalf of the said Immobiliare New England and acknowledged the same to be his free act and deed and the free act and deed of the said Immobiliare New England.

Notary Public
My Commission Expires: _____

EXHIBIT 1

Legal Description of Mortgaged Premises

That certain parcel of land, together with all buildings, structures and improvements now or hereafter existing thereon, located in Charlestown, Suffolk County, Massachusetts, now commonly known as Building 103, Charlestown Navy Yard, and more specifically described as bounded:

EASTERLY

NORTHERLY

WESTERLY

SOUTHERLY

Being the premises shown on a plan by _____
_____, dated _____
and recorded with the Suffolk Registry of Deeds in Book _____,
Page _____.

EXHIBIT 2

Priority Mortgages

1. A Fee Mortgage dated _____ by Building 103 Associates Limited Partnership as Mortgagor to the Massachusetts Housing Finance Agency (MHFA) and the Municipal Bond Insurers Association on an amount not to exceed Three Million Five Hundred Sixty-Five Thousand Dollars (\$3,565,000) and any additional sums advanced by MHFA to Building 103 Associates Limited Partnership which are invested in The Project and reasonably required for completion of The Project.
2. A Fee Mortgage dated _____ by Building 103 Associates Limited Partnership as Mortgagor to the Massachusetts Housing Finance Agency as Mortgagee on an amount representing a SHARP loan made to Building 103 Associates Limited Partnership.

EXHIBIT 3

Permitted Encumbrances

1. The Priority Mortgages; and
2. Other matters set forth as an encumbrance upon title in Mortgagee's policy of title insurance delivered pursuant to the provisions of Paragraph 5 of the Project Loan Agreement.

20,160(46)
1/21/85-dmv

EXHIBIT D

PROMISSORY NOTE

\$1,649,650

Boston, Massachusetts
_____, 1985

FOR VALUE RECEIVED, Building 103 Associates Limited Partnership, a Massachusetts Limited Partnership, having a principal place of business at c/o Barkan Properties, 1330 Boylston Street, Chestnut Hill, Massachusetts 02167 (referred to herein as "Borrower"), promises to pay to the order of the Boston Redevelopment Authority, a public body politic organized under Chapter 121B of the General Laws of the Commonwealth of Massachusetts ("Lender"), at the principal office of Lender, City Hall, Boston, Massachusetts, or at such other place, or to such other party or parties as Lender may from time to time designate in writing, the principal sum of One Million Six Hundred Forty-Three Thousand Six Hundred and Fifty Dollars (\$1,643,650.00) or such sum as is actually advanced to Borrower (UDAG Loan) by Lender pursuant to the Project Loan Agreement, dated _____, 1985, (the "Project Loan Agreement"), between Borrower and Lender, together with interest thereon at the rate set forth below, payable upon the conditions and terms as follows:

(a) UDAG Interim Loan:

(i) Term: Commencing with the initial UDAG loan disbursement and ending on completion of construction (as described in the UDAG Grant Agreement) but no later than February 16, 1986,

or such later date as may be established due to an extension of the Schedule of Performance contained in Exhibit F attached to the UDAG Grant Agreement.

(ii) Interest: The interest rate shall be zero percent (0%) per annum.

(b) UDAG Permanent Loan

(i) Term: Term of the UDAG Permanent Loan shall be 30 years, commencing upon completion of construction at the Project Site, as defined in the UDAG Grant Agreement but no later than February 16, 1986, or such later date as may be established due to an extension of the Schedule of Performance contained in Exhibit F attached to the UDAG Grant Agreement.

(ii) Principal: The principal of the UDAG Permanent Loan shall be the amount disbursed under the UDAG Interim Loan (described above) plus interest accrued during the term of the UDAG Interim Loan, if any, and any sum which is thereafter eligible for disbursement and disbursed pursuant to the terms and conditions regulating disbursements under the UDAG Interim Loan as if the permanent funding had not occurred.

(iii) Interest: The interest shall be five percent (5%) per annum compounded semiannually beginning with the sixth (6th) year of the UDAG Permanent Loan. There shall be no interest for the first five (5) years.

(iv) Repayment: Interest payments shall be deferred in years six (6) through thirty (30) and a payment sufficient to pay off the entire outstanding indebtedness of principal, interest and accrued interest shall be made at maturity of the UDAG

Permanent Loan; provided, however, that earlier interest payments shall be made in accordance with the following terms:

The outstanding principal amount of the UDAG Loan will bear interest at the rate of five percent (5%) interest per annum, compounded semiannually, beginning at the end of the fifth (5th) year from the date of receipt of proceeds of the UDAG Loan and said interest will accrue until paid at maturity or as hereinafter provided. The total amount of accrued interest on the UDAG Loan will be paid from the net proceeds of the first to occur of a refinancing or sale (less the expenses incurred in such refinancing or sale) after: (a) the payment of the then outstanding balance of the MHFA mortgage, (b) any and all amounts outstanding with regard to the SHARP Loan, (c) the repayment of the outstanding principal amount of the UDAG Permanent Loan, and (d) the repayment of the capital contributions of the Limited Partners of the Borrower.

Notwithstanding the above, the total amount of interest payable with regard to the UDAG Loan shall in no event exceed 90% of the net proceeds available to the Borrower after payment of all debts, obligations and expenses of the Borrower including items (a), (b), (c) and (d) as described above.

(c) Additional Interest: Borrower promises to pay Lender as "additional interest" 25% of the Net Proceeds from any sale or disposition in whole or in part of the Project or from any re-syndication after the original syndication contemplated in the Project Loan Agreement or refinancing, except refinancing allowed

pursuant to a call and/or takeout provision in any first mortgage. "Net Proceeds" shall mean all proceeds received less (1) repayment of the first mortgage, if applicable; (2) repayment of the SHARP Loan plus any interest accrued thereon; (3) debts and obligations of the Borrower arising out of the Project; (4) repayment of the principal balance of the UDAG Loan; (5) repayment of the capital contributions of the Limited Partners of the Borrower; (6) repayment of the outstanding balance of interest accrued and unpaid on the UDAG Loan; (7) payment of Developer's documented reasonable costs of sale or refinancing; and (8) repayment of documented Developer equity contributed to the Project. Provided, however, Borrower is not obligated to make such payment of "additional interest" for any sale or other disposition in whole or in part of the Project or any described refinancing or resyndication which occurs after the principal amount of the UDAG Loan has been repaid in full.

(d) Acceleration Upon Sale or Refinancing: The entire balance of the outstanding principal of the UDAG Loan, and all accrued unpaid interest thereon, shall become immediately due and payable either upon the bankruptcy, reorganization, dissolution or liquidation of the Borrower, or upon the sale, partial sale, refinancing, exchange, transfer, sale under foreclosure, or other disposition of the Project Site, improvements and/or the sale of any substantial portion of the Project Assets.

All sums received by Lender hereunder shall be paid or applied as follows: First, to late charges hereunder; second, to any sum paid by Lender or any other holder hereof on account of

any real estate tax, personal property tax, betterment charges, or rates chargeable to, or which are or would become a lien on, the Property and any other sums due to Lender under the UDAG Mortgage, except for those sums described in the following clauses of this paragraph; third, to costs of collecting the debt evidenced hereby or preserving the security therefor; fourth, to accrued and unpaid interest hereon; and the balance to the outstanding principal balance hereof.

If any part of the principal of, or interest on, this Promissory Note shall not have been paid within fifteen (15) days from the date the same shall be due, a late charge of three percent (3%) of the amount of principal and interest overdue shall be added to the said amount. In the event of any default hereunder, there shall be added to any unpaid balance due the cost and expenses of collection, including reasonable attorneys fees.

Borrower shall have the right to prepay this Promissory Note after the tenth (10th) UDAG Permanent Loan year, in whole, at any time without premium or penalty provided Borrower pays the full amount of the UDAG Loan outstanding and any interest which has accrued.

The obligations of Borrower hereunder are secured by the UDAG Mortgage, the terms and conditions of which are to be kept and performed by Borrower and the same are hereby made a part hereof to the same extent and with the same force and effect as if they were fully set forth herein, and Borrower covenants and agrees to keep and perform them or cause them to be kept and performed strictly in accordance with their terms.

At the option of Lender, the entire outstanding balance of principal hereof and accrued and unpaid interest hereon shall become and be immediately due and payable upon demand following the continuance for ninety (90) days, or for thirty (30) days after receipt by Borrower of written notice of any failure in the payment of interest hereunder; or upon any event of a default as defined in, and subject to the conditions of, Section 20 of the Project Loan Agreement, including notice, grace and cure periods as set forth therein.

The terms of this Promissory Note are subject to all the provisions of the Project Loan Agreement with particular reference to the subordination provisions as set forth in Section 21(c) thereof and the same are hereby made a part hereof to the same extent and with the same force and effect as if they were fully set forth herein. If any provision of this Promissory Note is inconsistent with any provision of the Project Loan Agreement, the provisions of the Project Loan Agreement shall nevertheless be given full force and effect and be controlling over such provisions of this Promissory Note.

Borrower and any endorsers, sureties and guarantors hereof agree that the liability of each of them shall be unconditional with regard to the liability of any other party, and shall not be in any manner affected by an indulgence, extension of time, renewal, waiver or modification granted or consented to by the Lender.

Borrower and all endorsers, sureties and guarantors hereof consent to any and all extensions of time, renewals, waivers or

modifications that may be granted by Lender with respect to the payment or other provisions of this Promissory Note, and to the release of the collateral or any part thereof without substitution and agree that additional makers, endorsers, guarantors or sureties may become parties hereto without notice to them and without affecting their liability hereunder.

This Promissory Note is secured only by the UDAG Mortgage.

Notwithstanding any contrary provision hereof, the obligations of Borrower hereunder are without recourse to any of the assets of Borrower or any of its successors or assigns; or any general or limited partner of Borrower excepting only the Mortgaged Premises described in the UDAG Mortgage. In no event shall Borrower or any of its general or limited partners have any personal liability for the payment of any sum of money which is or may become payable by Borrower hereunder, and Lender agrees to look only to the Mortgaged Premises for any such payment.

This Promissory Note shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Project Loan Agreement.

It is the expressed intention of the Borrower that this Promissory Note is evidence of a debtor-creditor relationship with the Lender. Nothing contained herein shall be construed to create any relationship other than debtor-creditor. In particular Borrower has no intention to become associated with Lender as partner or joint venturer or any relationship other than that of debtor-creditor.

IN WITNESS WHEREOF, Building 103 Associates has caused this Promissory Note to be executed and delivered as a sealed instrument by its respective duly authorized representative(s) as of the date first set forth above.

WITNESS:

BUILDING 103 ASSOCIATES LIMITED
PARTNERSHIP (Borrower)

Mel A. Barkan, General Partner

By:

Louis N. Garfield, General
Partner

IMMOBILIARE NEW ENGLAND
General Partner

By: _____

Title: _____

20,160(45)
1/21/85-dmv

EXHIBIT E

Priority Mortgages

1. A Fee Mortgage and Security Agreement dated _____ by Developer as mortgagor to the MHFA and The Municipal Bond Insurers Association (MBIA) on an amount not to exceed Three Million Five Hundred Sixty Five Thousand Dollars (\$3,565,000) and any additional sums advanced by MHFA to Developer which are invested in The Project and reasonably required for completion of The Project.
2. A Fee Mortgage dated _____ by Developer as Mortgagor to MHFA as Mortgagee in an amount representing a SHARP loan made to Developer.

EXHIBIT F

GUARANTY OF COMPLETION

In order to induce the Boston Redevelopment Authority, a public body politic organized under the laws of Massachusetts (the "BRA") to loan to Building 103 Associates Limited Partnership ("Developer"), a Massachusetts limited partnership the sum of One Million Six Hundred Forty-Nine Thousand Six Hundred Fifty Dollars (\$1,649,650) to finance, in part, the rehabilitation of the building located on land owned by Developer and commonly known as Building 103, Charlestown Navy yard, Charlestown, Massachusetts (the "Project") as evidenced by a Promissory Note (the "Note"), Mortgage (the "Mortgage"), Project Loan Agreement (the "Project Loan Agreement"), and other documents relating thereto, all as executed on this date by Developer, the undersigned hereby jointly and severally unconditionally guarantee to the BRA the due performance of all of the construction obligations of Developer under the Project Loan Agreement and the Mortgage, including Developer's obligations to complete the Project substantially in accordance with the standards of quality represented in the Plans referred to in Exhibit B of the Project Loan Agreement, free from all liens and claims of mechanics or materialmen.

The liability of the undersigned under this Guaranty shall be unaffected by (i) any amendment or modification of the provisions

of the Project Loan Agreement, the Note, the Mortgage or any other agreement made to or with the BRA by Developer (ii) any extensions of time for performance required thereby; or (iii) the release of Developer from performance or observance of any of the agreements, covenants, terms or conditions contained in any of said instruments by operation of law, whether made with or without notice to the undersigned, and the undersigned hereby covenant that they will cause Developer to maintain and preserve the enforceability of the instruments aforesaid as the same may be modified and will not permit it to take or to fail to take action of any kind, the taking of which might be the basis for a claim that the undersigned has any defense to their obligations in accordance with the terms of the instruments imposing the same.

No delay on the BRA's part in exercising any right, power or privilege under the Project Loan Agreement, the Note, the Mortgage, this Guaranty or any other document executed by Developer or the undersigned, shall operate as a waiver of any such privilege, power or right, provided only that the BRA shall not default in its obligation to advance funds for which Developer has qualified pursuant to the Project Loan Agreement.

This Guaranty shall remain in full force and effect until such time as the Project Improvements described in the Project Loan Agreement are finally completed as required thereby, and payment in full has been made to all mechanics and materialmen or

any mechanic's or materialmen's liens have been bonded to the satisfaction of the BRA.

The BRA shall not be required to pursue or exhaust any of its rights or remedies against Developer or any other guarantor of any of Developer's liabilities prior to enforcing this Guaranty, and the undersigned shall have no right of subrogation unless and until all obligations of Developer to the BRA have been satisfied in full.

All covenants and agreements contained in this Guaranty shall be binding upon the undersigned, and their respective successors and assigns, and shall inure to the benefit of the BRA, its successors and assigns. The undersigned shall be liable for payment of all of the BRA's costs in the enforcement of this Guaranty of Completion, including reasonable attorneys' fees.

Notwithstanding anything hereinabove to the contrary, nothing herein shall be construed as creating any liability on the undersigned as to the payment of the debt evidenced by the Note and the undersigned shall not be personally obligated to pay any principal or interest due under the Note.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Guaranty of Completion as a sealed instrument as of the date and year set forth below.

DATE: _____, 1985

BUILDING 103 ASSOCIATES, A
MASSACHUSETTS LIMITED
PARTNERSHIP

Mel A. Barkan, General Partner

Louis N. Garfield
General Partner

IMMOBILIARE NEW ENGLAND
General Partner

By: _____

Title: _____

EXHIBIT G

THE UDAG GRANT AGREEMENT

(Actual Agreement Reduced
in Size Will be Appended)

